MCDONALD'S CORPORATION A

v.

MCCURRY RESTAURANT (KL) SDN BHD

HIGH COURT MALAYA, KUALA LUMPUR B
SITI MARIAH AHMAD J
[CIVIL SUIT NO: D6-22-989-2001]
22 JULY 2008

TRADE MARKS: *Passing off - Similarity in trade names - Usage of prefix 'Mc' - Whether there was goodwill and reputation - Whether there was likelihood of confusion and damages - Whether plaintiff would lose exclusivity, distinctiveness and singularity attached to prefix - Whether there was misappropriation and damage which constitutes passing off in extended form - Whether plaintiff proved all elements to show existence of act of passing off* C D

TRADE MARKS: *Misrepresentation - False representation - Whether arose - Usage of prefix 'Mc' - Whether public would presume defendant associated with plaintiff - Whether sufficient to prove misrepresentation - Whether defendant sought to obtain unfair advantage from usage of prefix - Whether defendant gave credible reason as to why it should use a similar prefix* E

The plaintiff was the proprietor and operator of McDonald's chain of restaurants around the world with a total of 30,000 outlets with its first McDonald's restaurant in Malaysia in 1982. The defendant was a company primarily involved in food, beverage and restaurant businesses. The plaintiff's claim against the defendant was one of passing-off in both the traditional kind and extended kind in relation to the use by the defendant of the trade name 'McCurry' as the name of the restaurant that the defendant operated. The plaintiff, in enhancing its food business providing burgers and french fries, had created the prefix 'Mc' as a source/ trade identifier on goods and services which was offered for sale by the plaintiff. The plaintiff in the course of its trade had used and continued to use its trade identifier and trade mark the distinctive word 'Mc' as prefix in conjunction with other words, names and suffixes to form its other connected trade identifier such as 'McDonalds,' 'McChicken', ' McMuffin' and 'McValue Meals.' By reason of its established goodwill and reputation created and generated by the extensive trade and publicity F G H I

campaigns conducted by the plaintiff in relation to its goods services, the prefix 'Mc' was distinctive of the plaintiff in Malaysia and around the world in connection with food, beverage and restaurant business. The defendant had changed its name from Penang Curry House (KL) Sdn Bhd to McCurry Restaurant (KL) Sdn Bhd on 16 July 1998 and had been conducting its food, beverage and restaurant business using the plaintiff's 'Mc' prefix. On or about 29 October 2000, the defendant had offered for sale its food, beverage and restaurant services with the plaintiff's identifier 'Mc' in conjunction with the word 'Curry' which according to the plaintiff would inevitably misrepresent, deceive and confuse the public into the false belief that the defendant was associated or connected with the plaintiff's food, beverage products and restaurant business. The plaintiff also claimed that the defendant had created an instrument of deception for others to commit passing-off, misuse and abused the plaintiff's distinctive 'Mc' prefix which would damage and harm the plaintiff's goodwill, reputation and commercial advantage acquired by the plaintiff in its trade. Therefore the plaintiff prayed for, *inter alia,* an injunction to restrain the defendant from using the prefix 'Mc' or any other confusingly or deceptively similar prefix in the course of trade. The defendant, on the other hand, submitted that their use of prefix 'Mc' was not unlawful and would not cause confusion and deception in the contract of a traditional passing off action and that there was no evidence led for extended passing-off. The issue for determination was whether the act of passing-off by the defendant towards the plaintiff's goods and services existed *ie*, the prefix 'Mc' and colour scheme in traditional classic form and in the extended form of passing-of.

Held (allowing plaintiff's claim with costs):

(1) The trade mark or get up is the badge that indicates and identifies the goodwill and the business. Goodwill is the benefit of a good name attached to a business. The more extensive the trading activities, the greater the value that would be attached to the goodwill. The plaintiff herein owned the goodwill and reputation developed out of the usage of the prefix 'Mc' on its own or in conjunction with the goods and services sold and offered for sale by the plaintiffs. The prefix 'Mc' was extensively and constantly used by the plaintiffs in

identifying/promoting its products throughout the world and was very well known. The colours red and white have also been used consistently on every signage worldwide. Therefore the goodwill of the plaintiff's business was prefix 'Mc'. (paras 49 & 50)

(2) Misrepresentation in the context of this case means false representation on the part of the defendant which would cause damage to the goodwill and reputation of the plaintiff through an unlawful association created between the defendant and the plaintiff. From the evidence given by the witnesses, some of them thought that McCurry was somehow associated to McDonald's where the signage combination was very similar to each other. The evidence of the plaintiff's witnesses showed public perception comes about by associating certain common elements (in this case Mc) included in both plaintiff's and defendant's services or business involved. The witnesses thought that McCurry was somehow associated to McDonald's which was sufficient to prove misrepresentation. (paras 54, 55 & 56)

(3) Customers familiar with the McDonald's trade mark and corporate signage and the products found in the McDonald's outlets would only logically assume that 'Mc' in McCurry restaurant was associated in some way to the plaintiff or was in extension of the plaintiff's current range of products and services. It was also not a coincidence that the defendant would have picked the font and colour scheme on its signage without referring to the signage and repute of the plaintiff. This showed that the defendant sought to obtain an unfair advantage from the usage of the prefix. (para 57)

(4) The first impression created in the minds of the public when they see the red and white coloured McCurry signage was to associate it with McDonald's. The misrepresentation on the part of the defendant in its attempts at creating an association was to obtain and derive an unfair benefit detrimental to the rights of the owners *ie*, McDonald's. There was no necessity for the defendant to use 'Mc' in relation to its restaurant's name being McCurry. The defendant had not given any good or credible reason as to why it should use 'McCurry.' (paras 60 & 61)

(5) By virtue of the close association between the defendant and the plaintiff, damage could be inferred. There was the possibility of misappropriation of the goodwill and commercial advantage enjoyed by the plaintiff in relation to products bearing the trade mark with the prefix 'Mc' and if the products of the defendant did not meet up to the quality associated with the plaintiff's products, the public would associate such lack of quality to the plaintiff. The loss to the plaintiff was the loss of exclusivity, distinctiveness and singularity attached to the prefix 'Mc.' The prefix 'Mc' would cease to be a badge of recognition of the plaintiff's products. This undeniably would cause the plaintiff damage. (paras 64 & 65)

(6) The defendant herein had firstly used 'Mc' in conjunction with an item of food when they knew all along that McDonald's did this for a long time. The facts showed the defendant had used the colour scheme, colours red and white which they knew normally associated with the plaintiff. They have thus appropriated the plaintiff's goodwill to the detriment of the plaintiff. The defendant, by employing 'Mc' in McCurry would certainly erode the exclusivity of McDonald's over "Mc' causing them to suffer serious loss and damage. If the defendant was allowed to continue with their acts it would diminish the ability of 'Mc' to function as a trade mark. There were both misappropriation and damage which would constitute passing-off in the extended form. (paras 70 & 71)

(7) The plaintiff had proven all elements to show the existence of the act of passing-off both under the traditional and extended form of passing-off by the defendant towards the plaintiff's goods and services namely 'Mc'. The defendant would not be harmed or prejudiced in any way if decision was given in favour of the plaintiff. They would be able to continue trading as before by using other names as suggested by the plaintiff. The defendant should not be allowed to take unfair advantage of the goodwill and reputation of the plaintiffs. The distinctiveness of 'Mc' to the plaintiff would be lost if the defendant was allowed to continue to use 'Mc'. It was this court's duty to protect the goodwill and reputation of the plaintiff which had been legally recognized worldwide. (paras 74 & 75)

Case(s) referred to:

Annabel's (Berkeley Square) Limited v. G Schock (trading as Annabel's Escort Agency) [1972] RPC 838 ***(refd)***

Bulmer (HP) Ltd v. J Bollinger SA [1978] RPC 79 ***(refd)***

Erven Warnick v. Townend 7 Sins [Hull] Ltd [1979] 2 All ER 927 ***(refd)***

Harrods Ltd v. Harrodian School Ltd [1996] RPC 697 ***(refd)***

Inland Revenue Commissioners v. Muller & Co's Margarine Ltd [1901] AC 217 ***(refd)***

Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd [1994] 3 CLJ 7 SC ***(refd)***

Service Master (M) Sdn Bhd v. MHL Servicemaster Sdn Bhd & Anor [1998] 1 CLJ 459 HC ***(refd)***

Spalding v. Gamage [1915] 32 RPC 273 ***(refd)***

Star Industrial Co Ltd v. Yap Kwee Kor [1976] 2 FSR 256 ***(refd)***

Tong Guan Food Products Pte Ltd v. Hoe Huat Hng Foodstuffs Pte Ltd [1991] 3 CLJ 2001; [1991] 4 CLJ (Rep) 618 CA ***(refd)***

For the plaintiff - SF Wong (S Indran with him); M/s Shearn Delamore & Co

For the defendant - Sri Dev Nair; M/s Sri Dev & Naila

Reported by Suhainah Wahiduddin

JUDGMENT

Siti Mariah Ahmad J:

The Background Facts

[1] The plaintiff is the proprietor and operator of McDonald's chain of restaurants around the world with a total of 30,000 outlets with its first McDonald's restaurant in Malaysia in 1982. The defendant is a company primarily involved in food, beverage and restaurant businesses. The plaintiff's claim against the defendant is one of passing-off both of the traditional kind and extended kind in relation to the use by the defendant of the trade name "McCurry" as the name of the restaurant that the defendant operates.

[2] The plaintiff as the proprietor and operator of McDonald's chain of Restaurants, food and beverage business offer food products like burgers, sandwiches, french fries, fried chicken, sundaes and others. To enhance the said business, the plaintiff has created the prefix "Mc" as a source/trade identifier on goods and services which will be offered for sales by the plaintiff.

[3] Due to the value of the prefix "Mc" the plaintiff has registered its trade mark having the said prefix in countries around the world including Malaysia.

[4] The prefix "Mc" is therefore not only the plaintiff's source and or trade identifier, it is also their trade mark as well. This distinctive trade mark employed by the plaintiff has enabled the plaintiff to create a family of mark in relation to its products and services. The plaintiff in the course of its trade has used and continue to use its trade identifier and trade mark the distinctive word "Mc" as prefix in conjunction with other words, names and suffixes to form its other connected trade identifier such as "McDonald's", "McChicken", "McMuffin", "McRendang", "McValue Meals", "McNuggets", "McCrispy" etc.

[5] By reason of its established goodwill and reputation created and generated by the extensive trade and publicity campaigns conducted by the plaintiff in relation to its goods services, the prefix "Mc" is distinctive of the plaintiff in Malaysia and around the world in connection with food, beverage and restaurant business.

[6] The defendant has changed its name from Penang Curry House (KL) Sdn Bhd to McCurry Restaurant (KL) Sdn Bhd on 16 July 1998 and has been conducting its food, beverage and restaurant business using the plaintiff's "Mc" prefix.

[7] On or about 29 October 2000 the defendant had offered for sale its food, beverage and restaurant services with the plaintiff's identifier "Mc" in conjunction with the word "Curry" which according to the plaintiff will inevitably misrepresent, deceive and confuse the public into the false belief that the defendant is associated or connected with the plaintiff's food, beverage products and restaurant business.

[8] The plaintiff also claims that the defendant has created an instrument of deception for others to commit passing-off, misuse and abuse the plaintiff's distinctive "Mc" prefix which will damage and harm the plaintiff's goodwill, reputation and commercial advantage acquired by the plaintiff in its trade. The plaintiff had never at any point of time permitted or consented to the defendant's usage of the plaintiff's distinctive prefix "Mc" in any form or manner.

[9] It is also the plaintiff's case that the defendant is fully aware and has knowledge of the plaintiff's rights and exclusive property in the prefix "Mc" due to the extensive publicity engaged by the plaintiff around the world and in Malaysia which in turn shows that the defendant had intended to commit the unlawful acts of appropriation of goodwill, reputation and commercial advantage of the plaintiff by misrepresenting a false trade association and connection with the plaintiff including but not limited to the food, beverage and restaurant business.

[10] Therefore the plaintiff prays for:

(i) An injunction to restrain the defendant from using the prefix "Mc" or any other confusingly or deceptively similar prefix in the course of trade;

(ii) An order requiring the defendant to change its name and remove;

(iii) As a follow up from (ii) above, the defendant is to take all necessary requirements in law to ensure that there are no references to "Mc" in their company name. This would include making the relevant application to the Registrar of Companies/Companies Commission;

(iv) Damages; and

(v) Costs.

The Defendant's Defence

[11] The defendant denies that the plaintiff has the monopoly over the use of the defendant's whole mark or name "McCurry" and that the use of the whole mark or name in the light of the surrounding circumstances does not and did not or is unlikely to cause deception and confusion.

[12] Further, the defendant denies that the plaintiff used and had continued to use the distinctive word "Mc" as a prefix in conjunction with other words to form connected trade identifiers and denies that the plaintiff enjoys tremendous sale and demand for its "Mc" branded on market food, beverage products and restaurant around the world.

[13] The defendant also contends that the defendant's business and range of food and drinks available are totally distinct from that available at the plaintiff's restaurants. The defendant's restaurant offers food in a typical Malaysian or Indian Restaurant ie, fish head curry, nasi briyani, roti canai, nasi lemak, teh tarik etc.

[14] The defendant's trade mark "McCurry" was created based on the abbreviation of "Malaysia Chicken Curry" which is distinctly a Malaysian concept.

[15] The defendant further contends that the plaintiff has no exclusive right to the prefix "Mc" thus there is no need for the defendant to seek permission from the plaintiff nor had the defendant caused any confusion, loss of reputation and goodwill, loss and damages to the plaintiff's "Mc" trade and business.

Agreed Facts

[16] After the close of pleadings and after case management, the parties agreed on the followings as admitted facts:

(i) The "Mc" trade mark and identifier is used by the plaintiff in relation to the McDonald's chain of restaurants both in Malaysia and worldwide.

(ii) McDonald's chain of restaurant is based on a fast food concept offering a variety of food and beverages.

(iii) "Mc" is used by the plaintiff in connection with a variety of food and beverage items in addition to its being the name of the plaintiffs.

(iv) The defendant was formerly known as Restoran Penang Curry House (KL) Sdn Bhd.

(v) The defendant's restaurant offers Indian and Malaysian cuisine and is promoted based on the concept of a fast-food restaurant.

Additional Statement Of Agreed Facts

[17] It is significant to note that on the first trial date, on suggestion by the court after perusal of the relevant documents, the parties had agreed to further admit the following additional facts without the need to lead evidence:

i) Plaintiff has ownership, reputation and goodwill to the "Mc" mark and that plaintiff is entitled to use the "Mc" mark singularly or in combination with other marks or descriptions for their range of products and services.

ii) The defendant however disputes that the nature of the use of the plaintiff's "Mc" mark at the material time in the market in relation to the plaintiff's products and services as compared with the nature of the defendants' use of the whole word "McCurry" as the name of the restaurant and in relation to the defendant's products is likely to cause confusion and deception.

[18] In this case from the additional agreed facts stated above, it can be summarised that it is undisputed fact that the "Mc" prefix is associated with the plaintiff. It is further not disputed that the defendant had used "Mc" in conjunction with curry.

[19] The defendant's only contention and evidence led was however that their use of prefix "Mc" was not unlawful and would not cause confusion and deception in the contact of a traditional passing-off action and no evidence led for extended passing-off.

Issues For Determination

[20] The issues for determination in this case is whether the act of passing-off by the defendant towards the plaintiff's goods and services exists ie, the prefix "Mc" and colour scheme in traditional classic form and in the extended form of passing-off. For traditional classic form the plaintiff has to prove that he has acquired the necessary goodwill by his own endeavours or has acquired it from a predecessor who had done so. The plaintiff has also to prove that the defendant has indulged in acts which were and are calculated to damage the goodwill and reputation of the plaintiff and to derive an unfair advantage out of it. For extended form of passing-off all the plaintiff has to proof is that there is unlawful appropriation of their trade mark resulting in loss and damage.

Evidence Of Witnesses

[21] A total of thirteen witnesses were called to give evidence. The plaintiff in their case called upon five witnesses whereas the defendant in return called eight witnesses.

A

Evidence For The Plaintiff

Evidence Of PW1

[22] PW1 was the Executive Vice President of the Golden Arches (the plaintiff's joint venture partner in Malaysia) for seven years. In his evidence in-chief he stated that the plaintiff had been using the colour scheme of red and white on the signage. The colour scheme used were distinctive of McDonald's and the defendant used a similar colour scheme in relation to their signage ie, the combination and presentation of the colour scheme are similar. Nevertheless, PW1 had never been to the defendant's restaurant.

[23] During cross-examination SP1 maintained the position of the usage of the common colour scheme and stated that taken as a whole the signage of McCurry is confusingly similar to the signage of McDonald's. In Re-examination SP1 confirmed:

(i) Consumers recall general features instead of the specific detail when examining a signage.

(ii) McDonald's do not claim proprietary rights to the colours red or white on its own but claim rights for the combination and presentation of the colour scheme.

Evidence Of PW2

[24] PW2 is a consumer witness. According to PW2 McCurry is confusingly and deceptively similar to McDonald's. He said the signage is similarly represented and by virtue of the fact that "Mc" is synonymous with the plaintiff, the usage of "McCurry" by the defendant would lead to confusion and deception. He also stated that the defendant by using "Mc" in relation to similar food and restaurant business was bound to indicate an association between the plaintiff and the defendant.

Evidence Of PW3

[25] PW3 is a consumer witness. On first impression, PW3 felt that there was an association between McCurry and McDonald's with the usage of the similar prefix "Mc" and the usage of the colours red and white where the combination of which were synonymous with McDonald's.

Evidence Of PW4

[26] PW4 was the Store Activities Representative of Golden Arches Restaurants Sdn Bhd. According to her testimony the plaintiff had been using "Mc" in relation to a variety of their goods and services. PW4 also testified that the plaintiff had been extending its range of products continuously all of which employ the prefix "Mc". She further stated that the plaintiff also has local delicacies in the range of food items offered at McDonald's restaurant. According to PW4 the usage of McCurry by the defendant could lead to an association between the plaintiff and defendant when no such association exists.

[27] During cross-examination PW4 admitted she would not be confused nevertheless maintained that the name and style of McCurry was very similar to the McDonald's. PW4 also revealed that she received customer complaint about the existence of McCurry.

Evidence Of PW5

[28] PW5 was previously employed at Golden Arches Restaurants Sdn Bhd for 11 years. According to her the overall impression created by McCurry was that it was related to McDonald's. There had been a common usage of "Mc" by the plaintiff to describe their restaurant and their food and beverage items. Although there were minute differences in the signage, the overall impression was that there was likely to be an association between McDonald's and McCurry.

[29] From the above testimony it can be summarized that the testimony of the plaintiff's witnesses stated that the signage employed by the defendant in McCurry Restaurant is confusingly and deceptively similar to McDonald's. The witnesses also testified that there was an association between McCurry and McDonald's.

Evidence For The Defendant

Evidence Of DW1

[30] DW1 is the director of the defendant's company. His testimony was as follows:

[31] The defendant's restaurant does not sell western food nor does it sell sandwiches. The menu of the defendant's restaurant is a typical menu found in most Indian eateries. The word "McCurry" is solely the name of the restaurant and the food items offered at the defendant's restaurant do not have the letter "Mc" attached to it. The lettering of "McCurry" is white and grey on a red background using the font arial and that the "M" in "McCurry" is a straight "M" whereas the font used for "McDonald's" is century gothic and that the "M" in "McDonald's" is slanted and the lettering has no shade.

[32] The décor and layout of furniture of the defendant's restaurant is different from the plaintiff's with its staff attired in light yellow shirt with a blue embroidery fabric on the collar. The defendant does not advertise its restaurant but gained publicity through a Tamil language television programme on RTM 2 called Nada Suara broadcasted on 27 March 1999 and through newspaper reporting of the defendant's official opening of McCurry restaurant. DW1 also denies that the choice of colour and word "Mc" is to take advantage of McDonald's.

[33] DW1 also states that when they started McCurry, the defendant knew of McDonalds and its family of marks. He also knew that when "Mc" is accepted to an item of food the first impression could be McDonalds.

[34] DW1 further agreed that if he were to go to McDonald's he would expect to see the colours red and white on its signage, the same colours he employed on McCurry signage. He also agreed that the signage drew customers to his restaurant. He also agreed that the mind would recall general recollection of signage rather than photographic detail.

Evidence Of DW2

[35] DW2 is a consumer witness who has volunteered to give evidence in this trial. He stated that he as a consumer of both McCurry and McDonald's would not be confused into believing that McCurry is associated with McDonald's. He informed the court the McDonald's Restaurant is easily identifiable. He testified that when he first saw McCurry Restaurant he did not think of McDonald's Restaurant at all. He also confirmed that the décor found in McDonald's is not similar to that found in McCurry.

[36] In cross-examination he agreed that "Mc" was common feature found in relation to food items sold and offered for sales in McDonald's Restaurant. He also agreed that both McDonald's and McCurry employed a similar coloured signage. He also agreed that curry is a type of food.

The Evidences Of DW3, DW4, DW5, DW6, DW7 And DW8

[37] DW3, DW4, DW5, DW6, DW7 and DW8 are consumer witnesses. Their testimonies stated that when they first saw McCurry Restaurant, they did not associate it with McDonald's restaurant as the McDonald's restaurant is easily identifiable. They testified that the décor found in McDonald's restaurant is not similar to that found in McCurry restaurant. They also said McCurry restaurant is not self-service unlike the McDonald's restaurant.

Submissions

Submissions For The Plaintiff

[38] The plaintiff's counsel submitted that the evidence shows the following:

(i) The plaintiff has ownership, goodwill and reputation in the food and beverages restaurant businesses in relation to the usage of "Mc" either when used singularly or in conjunction with any food items.

(ii) "Mc" when used as food items is associated with McDonalds's.

(iii) The plaintiff's restaurants in Malaysia known as Restoran McDonald's uses a signage comprising of the words "Restoran McDonald's" in white lettering and grey shadings on a red background. The usage of this colour scheme has been continuous and consistent. Evidence shows that consumers expect to see these colours on a signage of a McDonald's restaurant.

(iv) The defendant had used "Mc" in conjunction with an item of food (being curry).

(v) The defendant had employed the signage with the words Restoran McCurry in white letterings and grey shadings on a red background.

[39] Counsel submitted that the facts therefore clearly show that the defendant had employed a name and colour scheme normally associated with the plaintiff. The facts further show that the defendant had known all along that the plaintiff had used "Mc" and "Mc" together with the colour scheme on the signage is synonymous with the plaintiff.

[40] Plaintiff's counsel also submitted that the evidence of the defendant's supporting witnesses were selective in nature and were tailored to suit the contentions of the defendant rather than reflecting the realities of the situation and trade.

Submissions For The Defendant

[41] The defence's counsel submitted it can be clearly seen from the evidence of the plaintiff's witnesses that plaintiff has been trying to monopolise the use of "Mc" in all names including McCurry. Counsel argued the plaintiff does not have monopoly over defendant's name McCurry. This is because McCurry does not phonetically sound like McDonald's and McCurry is a complete word by itself. Counsel also submitted there is no evidence of misrepresentation, confusion, deception on the part of the defendant's use of name McCurry to its restaurant.

[42] Counsel further submitted there is no possibility of any consumer or a member of public walking into Restaurant McCurry thinking it to be "Restoran McDonald's". Counsel also submitted that plaintiff cannot claim goodwill, reputation and ownership over the word McCurry which it does not have in the first place. In summary, the defendant's counsel argued that the plaintiff cannot claim a monopoly over a mark which is totally different in sound and visual and there has been no instance of actual or probable confusion in the mind of the public. Counsel submitted that the plaintiff has failed on the balance of probabilities to make out a case for passing-off against the defendant.

Findings Of The Court

[43] The paramount question for determination of this court is the underlying basis of the principle of law regarding passing-off. In the case of *Spalding v. Gamage* [1915] 32 RPC 273 Lord Parker said '… no body has any right to represent his goods as the goods of somebody else'. To validate a cause of action for passing-off, certain characteristics need to be proved mainly:

1. misrepresentation
2. made/done in the course of business
3. to prospective or ultimate customers
4. calculated to injure the goodwill and reputation of the plaintiff
5. which causes actual damage to a business or goodwill of the trader.

[44] The above principle of law was laid down in the case of *Erven Warnick v. Townend 7 Sins [Hull] Ltd* [1979] 2 All ER 927 at p. 932 and was cited with approval in our Supreme Court case of *Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte. Ltd.* [1994] 3 CLJ 7.

[45] It is important to note that the property protected in a passing-off suit is the goodwill of the business. This position was attached in the Privy Council decision of *Star Industrial Co Ltd v. Yap Kwee Kor* [1976] 2 FSR 256. Thus the meaning of 'goodwill' must be addressed.

[46] In the case of *Inland Revenue Commissioners v. Muller & Co's Margarine Ltd* [1901] AC 217 Lord Macnaghten stated "What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of a good name, reputation and connection of business. It is the attractive force that brings in custom. It is the one thing that distinguishes an old established business from a new business at its first start. The goodwill of a business must emanate from a particular center or source".

[47] He goes on to say "Goodwill regarded as property has no meaning except in connection with some trade, business, or calling.

[48] In that connection I understand the word to include whatever adds value to a business by reason of situation, name and reputation, connection, introduction to old customer, and agreed absence of competition, or any of these things, and there may be others which do not occur to me. In this wide sense, goodwill is inseparable from the business to which it adds value, and in my opinion, exists where the business is carried on"

[49] This clearly shows that the trade mark or get-up is the badge that indicates and identifies the goodwill and the business. Goodwill is created by trading activities. Goodwill is the benefit of a good name attached to a business. The more extensive the trading activities, the greater the value that would be attached to the goodwill.

[50] From the evidence tendered and additional statement of agreed facts the court is of the opinion that it is clear that the plaintiff owns the goodwill and reputation developed out of the usage of the prefix "Mc" on its own or in conjunction with the goods and services sold and offered for sale by the plaintiffs. This is due to the fact that the prefix "Mc" is extensively and constantly used by the plaintiffs in identifying/promoting its products throughout the world and is very well known. The colours red and white have also been used consistently on every signage worldwide. Therefore the goodwill of the plaintiff's business is prefix "Mc".

Misrepresentation

[51] Misrepresentation in the context of this case means false representation on the part of the defendant which causes damage to the goodwill and reputation of the plaintiff through an unlawful association created between the defendant and the plaintiff. This was clearly generated from the case of *Spalding v. Gamage* [1915] 32 RPC 273 where it was decided that "the basis of a passing-off action being a false representation by the defendant, it must be proven in each case a fact that the false representation has been made. It may of course have been made in express words, but cases of express misrepresentation of this sort are rare. The more common case is where the representation is implied in the use or imitation of a mark, trade name, or get-up with which the goods of another are associated in the minds of the public".

[52] From the evidence given by the witnesses, it is clear that both PW2 and PW3 who are consumer witnesses thought that McCurry was somehow associated to McDonald's where the signage combination is very similar to each other. In the case of *Annabel's (Berkeley Square) Limited v. G. Schock (trading as Annabel's Escort Agency)* [1972] RPC 838 in deciding if a misrepresentation was present, Russell LJ stated that "… probability of confusion as opposed to actual confusion is sufficient".

[53] The defendant has argued that the plaintiff has failed to show confusion. By referring to Annabel's in that by showing a possibility of association or mere association is sufficient as opposed to actual confusion and deception. In this case the two restaurants offering restaurant services can be associated with one another.

[54] The evidence of the plaintiff's witnesses shows public perception comes about by associating certain common element (in this case Mc) included in both plaintiff's and defendant's services or business involved. The evidence shows the witness or public would assume that the products sold under McCurry belongs to the plaintiff's company.

[55] Therefore, I am of the view the fact that the witnesses above thought that McCurry is somehow associated to McDonald's is sufficient to prove misrepresentation.

[56] When "Mc" is used in conjunction with a food item, the first impression or the first thing that comes to mind is McDonald's and the plaintiff. Any unauthorized use of the prefix "Mc" could also lead to the conclusion that the products sold and the services offered with reference to the said prefix are an extension of the plaintiff's family of mark consequently creating an association with the plaintiff.

[57] Customers familiar with the McDonald's trade mark and corporate signage and the products found in the McDonald's outlets would only logically assume that "Mc" in McCurry restaurant is associated in some way to the plaintiff or is an extension of the plaintiff's current range of products and services. It is also not a coincidence that the defendant would have picked the font and colour scheme on its signage without referring to the signage and repute of the plaintiff. I am of the view that this shows that the defendant seeks to obtain an unfair advantage from the usage of the prefix.

[58] In the decision by the Hearing Officer in the United Kingdom Trade Mark Registry, in the Matter of Application no. 1412458 by Sabbir Mehta, Osman Mehta, Imtiaz Ahmed Mulla and Hanif Patel to Register the mark McIndians (the McIndian Opposition) the principles applied therein are similar to the McCurry situation. In both cases, in defence; it was stated that

the reason of the choice of usage of "Mc" was that it was catchy, it was argued that different types of food were found in different outlets and that the font used was in fact different. The hearing officer found for McDonald's and held that McIndians could be confusingly similar to the McDonald's family of marks all employing the prefix "Mc".

[59] In the case of *Tong Guan Food Products Pte Ltd v. Hoe Huat Hng Foodstuffs Pte Ltd* [1991] 3 CLJ 2001; [1991] 4 CLJ (Rep) 618 (a Singapore case) Yong Pung How CJ held that "The test for comparison of confusingly similar names, marks or indicia is not to compare them side by side but to take into account the fact that confusion which may occur will take place when the customer has in his mind his recollection of the appellant's mark which may well be only an idea of the whole or actual mark". Going back to the facts, it is clear that "Mc" is associated with McDonald's. McDonald's restaurants around the world use a red background signage with the words McDonald's printed on white which was precisely the style employed by the defendant.

[60] Therefore some of the views that the first impression created in the minds of the public when they see the red and white coloured McCurry signage is to associate it with McDonald's. The misrepresentation on the part of the defendant in its attempts at creating an association was to obtain and derive an unfair benefit detrimental to the rights of the owners ie, McDonald's. There is no necessity for the defendant to use "Mc" in relation to its restaurant's name being McCurry.

[61] I agree with the plaintiff's counsel's submission that no weight should be given to the evidence of defendant's supporting witnesses as their evidence were inconsistent with the situation and realities of the trade and catered to support the defendant's contention. In conclusion I am of the view that the defendant has not given any good or credible reason as to why it should use "McCurry".

Made In The Course Of Business And To Prospective Or Ultimate Customers

[62] The fact that the defendant is trading under the name "McCurry" restaurant, clearly shows that the act was indeed done in the course of business and to prospective or ultimate customers.

Calculated To Injure The Goodwill And Reputation Of The Plaintiff Which Causes Actual Damage To A Business Or Goodwill Of The Trader

[63] In the action for passing-off the plaintiff must show that he has suffered or is really likely to suffer substantial damage to his property and goodwill – see *Erven Warnick v. Townend 7 Sins [Hull] Ltd.* It is settled law that actual damage need not be proven. A probability of damage is sufficient. As per Buckley LJ in *Bulmer (HP) Ltd v. J Bollinger S.A* [1978] RPC 79. "It is settled law that a plaintiff in a passing-off action does not have to prove that he has actually suffered damage by loss of business or in any other way. A probability of damage is enough …"

[64] By virtue of the close association between the defendant and the plaintiff, damage can be inferred. There is the possibility of misappropriation of the goodwill and commercial advantage enjoyed by the plaintiff in relation to products bearing the trade mark with the prefix "Mc" and if the products of the defendant do not meet up to the quality associated with the plaintiff's products, the public would associate such lack of quality to the plaintiff. The loss to the plaintiff is the loss of the exclusivity, distinctiveness and singularity attached to the prefix "Mc". This principle can be seen to have been accepted in the case of *Service Master (M) Sdn Bhd v. MHL ServiceMaster Sdn Bhd & Anor* [1998] 1 CLJ 459 where it was held "the owner of a distinctive mark has a legitimate interest in continuing to maintain the position of exclusivity he acquired through large expenditures of time and money and that everything which would impair the originality and distinctive character of his distinctive mark, as well as the advertising effectiveness derived from its uniquences, is to be avoided. Its basic purpose in not to prevent any form of confusion but to protect an acquired asset against impairment".

[65] If the defendant were to be allowed to continue their activities, this would result in the loss of exclusivity of the prefix "Mc" which the plaintiff had established and also that the prefix "Mc" would cease to be a badge of recognition of the plaintiff's products. It is my view that this undeniably would cause the plaintiff damage.

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Extended Form Of Passing-off

[66] In the case of Erven Warnink which was referred in *Seet Chuan Seng v. Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 3 CLJ 7 the court has recognized that passing off can be extended to meet the realities of trade and will alter the way trade is conducted. It is not a new concept and the law of passing-off has indeed developed and is now crystallized. At p. 931 of *Erven Warnink v. Townend & Sins (Hull) Ltd.* Lord Diplock said:

[67] Unfair trading as wrong actionable at the suit of other traders who thereby suffer loss of business or goodwill may take a variety of forms, to some of which separate labels have become attached in English law. Conspiracy to injure a person in his trade or business is one, slander of goods another, but the most protean is that which is generally and nowadays, perhaps misleadingly, described as passing-off. The forms that unfair trading takes will alter with the ways in which trade is carried on and business reputation and goodwill acquired.

[68] In the case of *Harrods Ltd. v. Harrodian School Ltd.* [1996] RPC 697 the court was willing to accept the presence of passing-off without necessity to prove confusion. The court in that case state that where there is erosion to the distinctiveness of a brand name which occurs by reason of its degeneration into common use as a generic term, liability is not dependent on confusion at all.

[69] Therefore it is clear how the court of equity would frown with caution on any unauthorized appropriation whether or not this misappropriation is accompanied by misrepresentation. If the defendants benefit unfairly to the detriment of the plaintiff, equity will intervene even if there is no misrepresentation.

[70] The defendant is this case has firstly used "Mc" in conjunction with an item of food when they knew all along that McDonald's did this for a long time. The facts showed that the defendant used the colour scheme, colours red and white which they knew normally is associated with the plaintiff.

[71] They have thus appropriated the plaintiff's goodwill to the detriment of the plaintiff. The defendant, by employing "Mc" in McCurry would certainly erode the exclusivity of McDonald's over "Mc" causing them to suffer serious loss and damage. If the defendant is allowed to continue with their acts it would diminish the ability of "Mc" to function as a trade mark.

[72] In the circumstances of the case, the court finds there are both misappropriation and damage which would constitute passing-off in the extended form. Hence, the defendant's argument on the non-existence of the extended form of passing-off is without merit.

Conclusion

[73] From the evidence given by the witnesses, the circumstances of the case and from the learned counsel's submissions, the court is of the opinion that the plaintiff has proven all elements to show the existence of the act of passing-off both under the traditional and extended form of passing-off by the defendant towards the plaintiff's goods and services namely "Mc".

[74] The defendant will not be harmed or prejudiced in any way if decision is given in favour of the plaintiff. They would be able to continue trading as before by using other names as suggested by the plaintiff. The defendant should not be allowed to take unfair advantage at the goodwill and reputation of the plaintiffs.

[75] On the other hand if the decision is granted not in favour of the plaintiff, the plaintiff would suffer irreparable loss to the goodwill and reputation that the plaintiff has established in the course of trade with reference to "Mc". The distinctiveness of "Mc" to the plaintiff would be lost if the defendant is to be allowed to continue to use "Mc". So it is the court's duty to protect the goodwill and reputation of the plaintiff which has been legally recognized worldwide.

[76] Therefore the plaintiff's claim is allowed with costs.